

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1289-01
Bill No.: HB 420
Subject: Insurance - Medical; Insurance Dept.; Health, Public
Type: Original
Date: March 21, 2011

Bill Summary: Requires all health insurance carriers or health benefit plans to provide coverage for the diagnosis and treatment of eating disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses \$0 or unknown and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation, Department of Insurance, Financial Institutions, and Professional Registration and Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposal would have no fiscal impact on their agency if the only requirement of the department is to collaborate with the Department of Mental Health. If the intent is for the DHSS to actually provide services or create and develop informational material, then there would be a substantial cost.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the MCHCP currently covers the treatments listed within this legislation. Therefore, this legislation does not fiscally impact the MCHCP.

Officials from the **Department of Mental Health (DMH)** provide the following information:

Section 1:

Eating Disorder statistics specific to Missouri are not available, but are estimated nationally to affect from 9,000,000 to 13,000,000 Americans. At the same rate, it can be expected that between 222,000 and 250,000 Missourians experience eating disorders. While DMH data shows 118 episodes of care (out of 50,869 active episodes of care) involving individuals diagnosed with eating disorders, it is believed that a general lack of awareness and proper diagnosis accounts for such low numbers. Also, eating disorders are not currently a target population for DMH services, thus, individuals with the relevant diagnoses would be in the public mental health system due to a qualifying co-occurring diagnosis.

The DMH obtained information from the US Census Bureau and the Eating Disorder Coalition. Based on 2008 census figures, the data would suggest that a total of 28,034 Missourians suffer from eating disorders and lack health insurance coverage.

ASSUMPTION (continued)

Current private sector costs to treat eating disorders are estimated at between \$70,000 and \$81,000 per individual. Current average costs to serve all consumers within the Division of Comprehensive Psychiatric Services range from \$27.82 per day for community based services to \$731.00 per day for inpatient hospital care. It is unknown at this time what the costs might be to the DMH in order to serve all individuals with eating disorders because the department does not know how the potential population in need of the service is distributed among current private insurance carriers, or their level of coverage. Also, the consequences of adding a new priority group to the public mental health system are uncertain in the absence of better prevalence data. Additionally, the training needs to prepare professionals to treat this group are unknown.

It should be noted that Missourians receiving Medicaid are not included in the above projections. Should Medicaid not cover the services included in this bill, an additional 31,178 individuals will need to be added to the projections.

An additional problem relates to the requirement that care is to be provided at eating disorder specialty units, private facilities, and state-operated facilities that have licensed eating disorder specialist on staff. Since the DMH does not currently serve individuals with eating disorders as a primary treatment, no trained staff to oversee such services are available. The DMH would have to establish licensure and oversight units to meet this requirement. Due to insufficient data on eating disorders among Missourians, the DMH is not able to specifically identify the costs associated with this proposal. However, the DMH projects the cost to be **dramatically higher** than \$100,000 annually.

Officials from the **Department of Social Services (DSS)** provide the following assumptions for this proposal:

Section 376.845

This legislation does not revise Chapter 208, RSMo and, therefore, does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

ASSUMPTION (continued)

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years.

FY12: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY13: Total cost is unknown

FY14: Total cost is unknown

Section 1

This requires the Department of Mental Health (DMH), in collaboration with DHSS and DSS, to provide diagnostic and treatment services to any resident of the state who is uninsured or needs financial assistance for the diagnosis and treatment of eating disorders.

It is assumed that the DMH will provide these services for the uninsured or those who are not MO HealthNet eligible. If that is not the case and the program is in the Department of Social Services then the cost is unknown but greater than \$100,000 and will be all general revenue expenditures.

FY12: Total cost is unknown greater than \$100,000 (GR unknown > \$100,000)

FY13: Total cost is unknown greater than \$100,000 (GR unknown > \$100,000)

FY14: Total cost is unknown greater than \$100,000 (GR unknown > \$100,000)

Oversight assumes the Department of Mental Health will provide the services for the uninsured or those who are not MO HealthNet eligible. Costs for the provision of these services will be included with DMH's costs for the proposal.

Oversight notes the provisions of the proposal pertain to health plans offered on or after January 1, 2012

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs - DMH</u>			
Eating disorder treatment, professional training, facilities/units, and staff	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
<u>Costs - DSS</u>			
Increase in program expenditures (\$376.845)	<u>\$0 or (Unknown less than \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
FEDERAL FUNDS			
<u>Income - DSS</u>			
Increase in program reimbursements (\$376.845)	\$0 or Unknown up to \$50,000	\$0 or Unknown	\$0 or Unknown
<u>Costs - DSS</u>			
Increase in program expenditures (\$376.845)	<u>\$0 or (Unknown up to \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

The proposal may impact small businesses that provide insurance coverage for employees if insurance premiums increase as a result of this new coverage requirement.

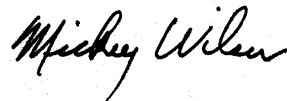
FISCAL DESCRIPTION

Beginning January 1, 2012, this proposal requires all health insurance carriers or health benefit plans which are issued, delivered, continued, or renewed to provide coverage for the diagnosis and treatment of eating disorders. Coverage must include psychiatric and medical treatment and other treatments as prescribed by a health care professional but cannot be considered as requiring coverage of a mental illness. Services rendered for eating disorder treatments cannot be subject to any greater deductible or co-payment than other health care services provided by a health benefit plan. Certain supplemental insurance policies are not subject to the eating disorder coverage requirements. An insurance carrier or health benefit plan offering group health insurance coverage cannot: (1) Deny an eligible individual enrollment in or renewal of coverage solely to avoid providing coverage for the diagnosis and treatment of an eating disorder; (2) Deny coverage for the treatment of an eating disorder when it is medically necessary in accordance with the Practice Guidelines for the Treatment of Patients with Eating Disorders as most recently published by the American Psychiatric Association; (3) Provide monetary incentives or other benefits to individuals to encourage them to accept less than the minimum coverage; (4) Penalize, reduce, or limit provider reimbursements for services rendered for eating disorder treatment; (5) Provide monetary or other incentives to a provider for not treating an individual with an eating disorder; or (6) Deny an eligible individual enrollment in or renewal of coverage if the individual was previously found to have an eating disorder or received treatment for an eating disorder. The Department of Mental Health, in collaboration with the departments of Health and Senior Services and Social Services, must provide diagnosis and treatment services for any state resident who does not have insurance coverage or is in need of financial assistance to pay for the diagnosis and treatment of an eating disorder at an eating disorder specialty unit or a private or state-operated facility that has licensed eating disorder specialists on staff.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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Director
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